

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 624**

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**Introduced by Assembly Member Wilk**

February 24, 2015

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An act to amend ~~Section~~ *Sections 11302 and 11319* of the Business and Professions Code, relating to real estate appraisers.

LEGISLATIVE COUNSEL’S DIGEST

AB 624, as amended, Wilk. Real estate ~~appraisers~~. *appraisers: standards of conduct.*

Existing law, the Real Estate Appraisers’ Licensing and Certification Law, regulates the licensing of real estate ~~appraisers~~. *appraisers and provides definitions of specified terms that govern the construction of that law.* ~~That~~ Existing law provides that the Uniform Standards of Professional Appraisal Practice sets forth the minimum standards of conduct and performance for real estate appraisers *in any work or service performed that is addressed by those standards.*

~~This bill would make nonsubstantive changes to these provisions.~~

*This bill would instead provide that the Uniform Standards of Professional Appraisal Practice constitutes the minimum standard of conduct and performance for federally related real estate appraisal activity, as defined. The bill would revise existing, and additionally include new, definitions for specified terms for purposes of the Real Estate Appraisers’ Licensing and Certification Law. The bill would also authorize, if a licensee is performing a nonfederally related appraisal activity, a standard of valuation practice, as defined, for a licensee if that practice is disclosed to, and agreed upon, by the client, and if that practice is described in an appraisal, as provided.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 11302 of the Business and Professions*  
2     *Code is amended to read:*

3     11302. For the purpose of applying this part, the following  
4     terms, unless otherwise expressly indicated, shall mean and have  
5     the following definitions:

6     (a) “Department” means the Department of Consumer Affairs.

7     (b) “Appraisal” means a written statement independently and  
8     impartially prepared by a qualified appraiser setting forth an  
9     opinion ~~in a federally related transaction~~ as to the market value of  
10    an adequately described property as of a specific date, supported  
11    by the presentation and analysis of relevant market information.

12    The term “appraisal” does not include an opinion given by a real  
13    estate licensee or engineer or land surveyor in the ordinary course  
14    of his or her business in connection with a function for which a  
15    license is required under Chapter 7 (commencing with Section  
16    6700) or Chapter 15 (commencing with Section 8700) of Division  
17    3, or Chapter 3 (commencing with Section 10130) or Chapter 7  
18    (commencing with Section 10500) and the opinion shall not be  
19    referred to as an appraisal. This part does not apply to a probate  
20    referee acting pursuant to Sections 400 to 408, inclusive, of the  
21    Probate Code unless the appraised transaction is federally related.

22    (c) “Appraisal Foundation” means the Appraisal Foundation  
23    that was incorporated as an Illinois not-for-profit corporation on  
24    November 30, 1987.

25    (d) (1) “Appraisal management company” means any person  
26    or entity that satisfies all of the following conditions:

27    (A) Maintains an approved list or lists, containing 11 or more  
28    independent contractor appraisers licensed or certified pursuant  
29    to this part, or employs 11 or more appraisers licensed or certified  
30    pursuant to this part.

31    (B) Receives requests for appraisals from one or more clients.

32    (C) For a fee paid by one or more of its clients, delegates  
33    appraisal assignments for completion by its independent contractor  
34    or employee appraisers.

1 (2) "Appraisal management company" does not include any of  
2 the following, when that person or entity directly contracts with  
3 an independent appraiser:

4 (A) Any bank, credit union, trust company, savings and loan  
5 association, or industrial loan company doing business under the  
6 authority of, or in accordance with, a license, certificate, or charter  
7 issued by the United States or any state, district, territory, or  
8 commonwealth of the United States that is authorized to transact  
9 business in this state.

10 (B) Any finance lender or finance broker licensed pursuant to  
11 Division 9 (commencing with Section 22000) of the Financial  
12 Code, when acting under the authority of that license.

13 (C) Any residential mortgage lender or residential mortgage  
14 servicer licensed pursuant to Division 20 (commencing with  
15 Section 50000) of the Financial Code, when acting under the  
16 authority of that license.

17 (D) Any real estate broker licensed pursuant to Part 1  
18 (commencing with Section 10000) of Division 4 of the Business  
19 and Professions Code, when acting under the authority of that  
20 license.

21 (3) "Appraisal management company" does not include any  
22 person licensed to practice law in this state who is working with  
23 or on behalf of a client of that person in connection with one or  
24 more appraisals for that client.

25 (e) "Appraisal Subcommittee" means the Appraisal  
26 Subcommittee of the Federal Financial Institutions Examination  
27 Council.

28 (f) "Controlling person" means one or more of the following:

29 (1) An officer or director of an appraisal management company,  
30 or an individual who holds a 10 percent or greater ownership  
31 interest in an appraisal management company.

32 (2) An individual employed, appointed, or authorized by an  
33 appraisal management company that has the authority to enter into  
34 a contractual relationship with clients for the performance of  
35 appraisal services and that has the authority to enter into  
36 agreements with independent appraisers for the completion of  
37 appraisals.

38 (3) An individual who possesses the power to direct or cause  
39 the direction of the management or policies of an appraisal  
40 management company.

1 (g) “Director” or “chief” means the Chief of the Bureau of Real  
2 Estate Appraisers.

3 (h) “Federal financial institutions regulatory agency” means the  
4 Federal Reserve Board, Federal Deposit Insurance Corporation,  
5 Office of the Comptroller of the Currency, Federal Home Loan  
6 Bank System, National Credit Union Administration, *Consumer*  
7 *Financial Protection Bureau*, and any other agency determined  
8 by the director to have jurisdiction over transactions subject to this  
9 part.

10 (i) “Federally related real estate appraisal activity” means the  
11 act or process of making or performing an appraisal on real estate  
12 or real property in a federally related transaction and preparing an  
13 appraisal as a result of that activity.

14 (j) “Federally related transaction” means any real estate-related  
15 financial transaction which a federal financial institutions  
16 regulatory agency engages in, contracts for or regulates and which  
17 requires the services of a state licensed real estate appraiser  
18 regulated by this part. This term also includes any transaction  
19 identified as such by a federal financial institutions regulatory  
20 agency.

21 (k) “License” means any license, certificate, permit, registration,  
22 or other means issued by the bureau authorizing the person to  
23 whom it is issued to act pursuant to this part within this state.

24 (l) “Licensure” means the procedures and requirements a person  
25 shall comply with in order to qualify for issuance of a license and  
26 includes the issuance of the license.

27 (m) “Office” or “bureau” means the Bureau of Real Estate  
28 Appraisers.

29 (n) “Registration” means the procedures and requirements with  
30 which a person or entity shall comply in order to qualify to conduct  
31 business as an appraisal management company.

32 (o) “State licensed real estate appraiser” is a person who is  
33 issued and holds a current valid license under this part.

34 (p) “Uniform Standards of Professional Appraisal Practice” are  
35 the standards of professional appraisal practice established by the  
36 Appraisal Foundation *for use in a federally related transaction*.

37 (q) “Course provider” means a person or entity that provides  
38 educational courses related to professional appraisal practice.

39 (r) “*Nonfederally related real estate appraisal activity*” means  
40 *the act or process of making or performing an appraisal on real*

1 *estate or real property for any purpose other than a federally*  
2 *related transaction.*

3 (s) “*Standard of valuation practice*” means any nationally or  
4 internationally recognized valuation standard addressing the  
5 credibility of an appraisal or an appraisal review.

6 **SECTION 1.**

7 SEC. 2. Section 11319 of the Business and Professions Code  
8 is amended to read:

9 11319. Notwithstanding any other provision of this code, the  
10 following shall apply: ~~Uniform~~

11 (a) *The Uniform Standards of Professional Appraisal Practice*  
12 constitute the minimum standard of conduct and performance for  
13 a licensee in any work or service performed that is addressed by  
14 those standards. ~~If federally related real estate appraisal activity.~~

15 (b) If a licensee also is certified by the Board of Equalization,  
16 the licensee shall follow the standards established by the Board of  
17 Equalization when fulfilling the licensee’s responsibilities for  
18 assessment purposes.

19 (c) *If a licensee is performing a nonfederally related appraisal*  
20 *activity, a standard of valuation practice may be utilized if that*  
21 *practice is disclosed to, and agreed upon, by the client, and if that*  
22 *practice is described in the appraisal. If a licensee utilizes a*  
23 *standard of valuation practice other than the Uniform Standards*  
24 *of Professional Appraisal Practice pursuant to this subdivision,*  
25 *the licensee shall comply with the Ethics, Record Keeping,*  
26 *Competency, and Scope of Work rules of the Uniform Standards*  
27 *of Professional Appraisal Practice contained in the 2014–2015*  
28 *edition of the Uniform Standards of Professional Appraisal*  
29 *Practice.*